

REPORT OF THE JOINT COMMITTEE ON BUDGET AND TRANSPORTATION AND PLANNING

Voting Members:

Joey Manahan, Chair; Ikaika Anderson, Chair;
Brandon J.C. Elefante, Carol Fukunaga, Ann H. Kobayashi, Kymberly Marcos Pine

Committee Meeting Held
October 3, 2017

Honorable Ron Menor
Chair, City Council
City and County of Honolulu

Mr. Chair:

Your Joint Committee on Budget and Transportation and Planning, which considered Resolution 17-266 entitled:

"RESOLUTION APPROVING THE RECOVERY PLAN FOR THE
HONOLULU RAIL TRANSIT PROJECT SUBMITTED TO THE FEDERAL
TRANSIT ADMINISTRATION ON SEPTEMBER 15, 2017,"

reports as follows:

The purpose of the Resolution is to approve the Recovery Plan, including the updated Financial Plan, dated September 15, 2017, and to authorize the Honolulu Authority for Rapid Transportation ("HART") to execute other documents the Federal Transit Administration ("FTA") may require in connection with or related to the Recovery Plan, so long as such documents do not incur additional obligations on the part of the City.

The Corporation Counsel testified stating that the approval of the Recovery Plan is required by ROH Section 1-8.6. The plan includes an additional \$2.4 billion of funding through Senate Bill No. 4, enacted as Act 001. Act 001 also includes requirements for the release of the funds and restricts the use of the funds to pay for HART's administrative or operating, marketing, or maintenance costs, including personnel costs.

CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON **OCT 06 2017**

COMMITTEE REPORT NO. **373**

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The Director of Budget and Fiscal Services testified and affirmed the City's funding commitment. He stated that a part of the financial plan includes a \$160 million City subsidy to cover the cost for HART's administrative, operating, and personnel costs. In addition, he informed the committee that the City does not need to modify its Fiscal Year 2018 budget because HART has adequate funding to cover the \$20 million budgeted for FY18 through its debt proceeds. The updated financial plan was completed by HART using their forecasting models and the revenue projections provided by the State Council on Revenues. The Director informed the committee members that the City has different options for funding the City's portion of the project's cost. The City could fund the subsidy through bonds or cash, or a combination of both to spread the cost through the years and defer raising real property taxes. The Administration will continue to work with HART and the State to make sure the requirements in Act 001 are adhered to while also funding the project without administrative delays.

The Chief Financial Officer for HART answered questions from the committee members regarding FTA acceptance of the Updated Financial Plan. According to HART, FTA will provide a response in four to six weeks that may include a list of issues for HART to address. Once the plan is accepted by the FTA, HART anticipates that a portion of the federal monies included in the Full Funding Grant Agreement will be released by July of 2019.

The Deputy Director of Transportation Services testified on the use of 5307 federal monies for the operation and maintenance for the project, an issue raised by the public. He stated that the 5307 monies are not currently budgeted for the project's cost for operation and maintenance. However, once the rail system is on-line then the 5307 monies will be used to fund the operation and maintenance of the integrated rail, bus, and handi-van transit system.

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Your Joint Committee received testimony from one individual offering comments on the Resolution.

Your Joint Committee on Budget and Transportation and Planning is in accord with the intent and purpose of Resolution 17-266 and recommends its adoption. (Ayes: Manahan, Elefante – 2; Ayes with reservations: Anderson, Fukunaga, Kobayashi, Pine – 4; Noes: None.)

Respectfully submitted,


Budget Committee Chair

Respectfully submitted,


Transportation and Planning
Committee Chair

At the 10/6/17 Council meeting, the Resolution was amended and subsequently adopted as Resolution 17-266, FD1.

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